DELTA STATE UNIVERSITY

BASIC INTERNAL CONTROL ASSESSMENT PROCESS

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All Department Heads/Budget Signature Authority should take this self-assessment questionnaire ANNUALLY. If you have any questions, please contact the Office of Internal Audit at 662-846-4137, Freddie Watt - Director of Internal Audit.

Please view the assessment process for understanding and complete the assessment questionnaire and retain a copy for your files beginning each fiscal year July 1, 20XX.

This assessment of basic internal controls is **NOT** all-inclusive and may need to be edited to cover specific departmental activities.

ORGANIZATIONAL

1. The department has an organizational chart.

An organizational chart pictorially represents all the team players within a department. The chart shows the various working relationships between staff and supervisors. It also provides management information that may be used as a baseline for planning, budgeting and work force modeling. *Note: Department's organizational chart can be referenced at* https://deltastate.policystat.com/policy/14769445/latest

2. The department has a statement of mission and objective.

A mission statement guides the actions of the department, spells out its overall goal, provides a sense of direction, and guides decision making for all levels of management. It also serves as an indicator of the objective of the department within the overall mission of the university.

Note: Department's mission and objective statements can be referenced at
https://deltastate.policystat.com/policy/14769445/latest/

3. The department has current departmental policies and procedures, and employee desktop manuals.

The policies and procedures that are posted on the department's website should include the mission and the objective of the department, as well as, other information that would assist the user in benefiting from what the department has to offer the university. The desktop manuals should outline the daily functions of each employee's position.

Departmental policies and procedures manual, as well as, individual desk–top manuals will allow employees to understand their roles and responsibilities within the department. Policies and procedures allow management to guide operations without constant intervention. Policies and procedures are the strategic link between the university's mission and its day–to–day operation. *Note: Department's desktop manual can be referenced at* https://deltastate.policystat.com/

4. Department has a current website on the university website.

A website can be a valuable tool to promote/communicate to the campus community and the general public the services the department provides and how to request such services. Websites should be maintained and updated on a periodic basis to provide the most current information to its users. More than one employee (including the department director) should be trained to maintain the website. *Note: Department's website can be referenced at* https://deltastate.policystat.com/policy/14769445/latest/

RECONCILIATION OF ACCOUNTS

1. Documentation (hard copy/electronic file) exists to support timely reconciliation of departmental accounts on a consistent basis. Documentation also exists to support that reconciliations are reviewed in a timely manner by the appropriate department head and/or signature authority.

When you reconcile an account, you are proving that the transactions comprising the account balance are correct. A spreadsheet reconciliation should be maintained for each departmental budget.

The purpose of the reconciliation is to track transactions as they occur and match them to transactions recorded on the monthly detail reports. This will enable the department to quickly identify any questionable transactions posted to their budget and take corrective action to ensure accurate financial condition of the department. Authorization, recording and reconciling of transactions should be segregated duties. Reconciler and signature authority should sign/initial final reconciliation to keep on file. Proper documentation is vital, because it provides supporting evidence that departmental budget reconciliation has been reviewed for appropriateness and compliance.

2. Banner accounts should only be accessible by designated personnel in order to maintain the integrity of the system.

Note: Reconciliation of Accounts can be referenced at
https://deltastate.policystat.com/policy/15369169/latest

CASH RECEIPTING/HANDLING

1. Annual training is required for all employees responsible for handling cash and the director of that department.

2. Documentation (hard copy/electronic file) exists to support that cash receipts/deposits are reconciled each month. Proper documentation is vital, because it provides supporting evidence that deposits and departmental budget reconciliation have been reviewed for accuracy.

3. Duties related to receipting, depositing, and reconciliation of funds are adequately separated. Cash is the most liquid asset and the most susceptible to loss if not properly controlled. All departments responsible for collecting cash, checks and credit card payments should ensure timely deposits, safeguarding of funds prior to deposit, proper segregation of duties in the handling process and regular reconciliation to ensure all funds have been deposited accurately.

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Critical internal controls such as segregation of duties, limited access, and regular reconciliation are important in handling funds (cash and checks).

The number of individuals authorized to receive and handle funds should be limited; but no one person should be permitted to handle a transaction from beginning to end. The individual who receives funds should prepare a daily log of all incoming checks and cash. A supervisor should compare the record of initial receipts of cash and check from the daily logs and cash receipt book to the amount deposited.

Checks are restrictively endorsed "For Deposit Only, Delta State University" upon receipt. Placing a restrictive endorsement on a check or money order immediately upon receipt is crucial to reducing the risk of fraud.

A pre-numbered receipt, cash log, or register tape is used to document cash received. A university approved, pre-numbered receipt should be issued for every cash transaction.

After each event, receipts should be compared with funds collected to ensure all funds are accounted for and deposited in a timely manner.

The department receives payment by credit cards and is **PCI Compliant!**

What's PCI? The Payment Card Industry Data Security Standard (PCI DSS) is a set of requirements designed to ensure that ALL companies that process, store or transmit credit card information maintain a secure environment. PCI applies to ALL organizations or merchants, regardless of size or number of transactions, that accepts, transmits or stores any data. Said another way, if any customer of that organization ever pays the merchant directly using a credit card or debit card, then the PCI DSS requirements apply.

Helpful Resource - Contact DSU Student Business Services

Note: *Cash Collection/Handling can be referenced at*
https://deltastate.policystat.com/policy/15369169/latest/

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4. Funds are adequately safeguarded until deposited at DSU Student Business Services

Cash and checks should be stored in a secured location with access to the location limited to a few individuals. Deposits to Student Business Services should be made on a daily basis.

5. University police escort is used for deposits over $1000.

It is important to safeguard university assets which includes the safety of our employees.

Petty cash funds (if used by the department) are properly established. Petty cash funds may be established at the discretion of the Director of Procurement and Contract Services for certain departments. These funds are available to purchase minor items when it would be otherwise impractical to procure these items through the usual purchasing method.

Helpful Resource – Contact DSU Student Business Services

Note: Petty Cash can be referenced at https://deltastate.policystat.com/policy/15369167/latest

6. The department does <u>NOT</u> have an external bank account!
Revenues generated or, funds received by a university department should be deposited into their budget account through Student Business Services.
Proper procedures are in place to ensure sales tax is collected and reported accurately and timely for taxable events/goods.

Any time a university department has an event or sell goods on campus, sales tax must be collected and submitted to the MS State Tax Commission.

Helpful Resource Guide – Contact the DSU Accounting Department

Note: Can be referenced at https://deltastate.policystat.com/policy/15369169/latest

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PROPERTY ACCOUNTING

1. The department monitors and conducts in-house audits of their property.

The fixed asset inventory database is maintained by the DSU Accounting Department. The department should conduct self-inventory audits of university property for which they are responsible as required by the university. This reduces the risk of missing items. Should the department discover items are missing, they must be reported to the proper authorities immediately. The department should make every effort to locate the items.

2. The department adheres to DSU policies for the disposal of assets.

The supplies inventory should be monitored by an establish program which includes self-audits as required by DSU Accounting.

Helpful Resource - Contact DSU-*Property Accounting can be referenced at* https://deltastate.policystat.com/policy/14769636/latest

3. The department has a university vehicle.

The department understands and adheres to the University Fleet Management Policies and Procedures. Fuelman usage is monitored per DSU requirements.

Helpful Resource - DSU Fleet Management Policy can be referenced at https://www.dfa.ms.gov/bureau-fleet-management

PROCUREMENT & TRAVEL

1. The department has reviewed the purchasing guidelines.

2. Requisition and invoice input, approval and account reconciliation functions are separated within the department.

Segregations of duties reduces the risk of fraud waste or abuse of university assets. No one person should be permitted to handle a transaction from beginning to end.

Helpful Resource - DSU Purchasing Policies and Procedures can be referenced at https://deltastate.policystat.com/policy/14769624/latest

3. Procurement cards are stored in a secure location while not in use.

Each cardholder is responsible to manage his/her card and to secure it when not in use. Keeping the card in a wallet or purse increases the risk that the card maybe stolen or, accidentally used for non-business purpose by the cardholder.
Department receives procurement card receipts in a timely manner.

Timeliness is imperative to ensure all documentation and approvals are processed so that all expenditures are accounted for in the month that they were incurred.
Segregation of duties do also apply to purchases made with a procurement card.
The department utilizes a control sheet when there are multiple users of a single procurement card.

By utilizing a control sheet the department is able to keep a record of who, when and what was charged to the card.
The department employees have reviewed the procurement card policies and procedures.

The department head and card holders should review the procurement card policies and procedures.

Helpful Resource – DSU Procurement Policies and Procedures can be referenced at
https://deltastate.policystat.com/policy/14769624/latest

All personnel that travel on University business prepare the necessary permission to travel documents and retain original receipts for reimbursement.

Permission to travel must be approved prior to departure. Travelers must submit original receipts for reimbursement.

If the department's business requires them to incur certain entertainment expenses the departmental personnel are aware of the policies and procedures.

Helpful DSU Resource – DSU Travel & Entertainment Policy can be referenced at
https://deltastate.policystat.com/policy/14769729/latest

If the department's business requires them to incur technology purchases, the departmental personnel are aware of the policies and procedures pertaining to technology purchases.

The department head and all signature authorities should review the Technology Purchase policies and procedures.

Helpful Resource - DSU Purchasing Policies and Procedures, DSU IT Department can be referenced at DSU Purchasing - https://deltastate.policystat.com/policy/14769624/latest; DSU IT- https://deltastate.policystat.com/policy/14769414/latest

HUMAN RESOURCES AND PAYROLL

Leave usage is approved timely by department head/signature authority for exempt and non-exempt employees.

To ensure personal leave and sick leave is accurately reflected in the system, it is important that leave and sick leave be reported in a timely manner.

Time sheets or other time keeping records are maintained by the department for all non-exempt employees.

Time keeping documentation records actual hours worked, leave time and compensatory time (non-exempt employees).

Time keeping records are signed and dated by employee and supervisor after the time period being reported (non-exempt employees).

To ensure accountability and accuracy, time keeping records should be completed and signed by the employee and approved by the supervisor. These should be kept on file in the department for reconciliation purposes and for future reference. Management should refer to the university policies and procedures and the Fair Labors Standards Act (FLSA) for guidance.

Documentation exists to support proper approval of overtime pay (non-exempt employees). Department follows university overtime guidelines.

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Non-exempt employees who work more than 40 hours in a week should be compensated at one and one-half (1 ½) times their base hourly rate. Management should refer to the university policies and procedures and the Fair Labors Standards Act (FLSA) for guidance.

Documentation (hard copy/electronic file) exists to support monitoring, reconciliation, and approval of compensatory time and usage (non-exempt employees).

Compensatory time can be awarded in lieu of monetary overtime compensation and is calculated at one and one-half (1½) hours for every one hour of overtime worked. Management should refer to the university policies and procedures and the Fair Labors Standards Act (FLSA) for guidance.

Documentation (hard copy/electronic file) exists to support that payroll reports are reconciled to records maintained by the DSU Payroll Department.

Payroll reports (PDR) should be generated, reviewed and reconciled to the time & attendance reports on a monthly basis to verify the accuracy of the payroll charges.

Departmental procedures are in place to help ensure that termination documents are processed, and appropriate university and departmental personnel are notified in a timely manner to stop payroll, cancel computer access and long distance codes, retrieve keys, access cards, university equipment, etc.

Annual performance evaluations are conducted for all employees and results are submitted through proper channels.

It is Human Resources (HR) policy that supervisors perform full-time employee evaluations annually. It is beneficial to both the employee and their supervisor to review and discuss the job performance of the employee. Management should refer to the university policies and procedures for guidance.

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Each year, Human Resources is required to obtain an acknowledgement from each employee regarding Institutions of Higher Learning and Delta State University policies. The employee acknowledges that he/she has read and understands their responsibility as a DSU employee regarding DSU's Statement of Ethics, University Policies and Procedures, and Outside Employment. The HR policy acknowledgement form is available electronically.

Helpful Resource – DSU Human Resources can be referenced at
https://www.deltastate.edu/human-resources/

TECHNOLOGY

Department staff has read and understands the acceptable use policy for computers. The DSU policy is required for the effective communication of expectations regarding the acceptable use of computer equipment.

Helpful Resource – DSU Technology Appropriate Use policy can be referenced at
https://deltastate.policystat.com/policy/14769377/latest

The department is aware of the procedures for the disposal of surplus old computers/devices and removal of them from the department's inventory.

Helpful Resource – DSU Disposal of Equipment can be referenced at

https://deltastate.policystat.com/policy/14769361/latest

Employees have read and understand the email use policy. Recent case law, as well as appropriate business practice, makes it necessary for the university to create and maintain parameters regarding employee use of email for official business.

Helpful Resource – DSU Email Policy can be referenced at
https://deltastate.policystat.com/policy/15890522/latest/

Department employees have read and understand the password policy. Passwords are an important aspect of computer security. They are the front line of protection for user accounts. A poorly chosen password may result in the compromise of DSU's entire network.

Helpful Resource – DSU Password Policy can be referenced at
https://deltastate.policystat.com/policy/15194998/latest/

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IT BILLING SERVICES

The department signature authority or his/her designee reviews monthly long distance phone charges and other technology service charges.

Monitoring long distance charges reduces the risk of an unauthorized individual using long distance codes, resulting in erroneous long distance charges to the department's budget. The long distance report should be reviewed by the department's signature authority. Documentation should exist to support that long distance charges have been reviewed. Any personal calls made using a departmental charge code MUST be repaid to the university. Best practice is to refrain from using a departmental charge code for personal calls. **Helpful Resource – DSU IT Billing Services policy** can be referenced at https://deltastate.policystat.com/policy/14769482/latest; **DSU Toll Fraud policy** can be referenced at https://deltastate.policystat.com/policy/14769490/latest/

MINORS ON CAMPUS

Does the department offers, sponsors, or approves programs or activities involving minors? DSU is dedicated to the welfare and safety of all Minors who visit our campuses to participate in university-related programs or activities or any other event involving minors on the DSU campuses. To that end, DSU has adopted a Minors on Campus policy. The objective of this policy is to promote a safe environment for minors by fostering a university culture that is committed to preventing, recognizing, reporting, and addressing child and child sexual abuse.

Helpful Resource – DSU Minors on Campus Policy

Note: Child Protection policy can be referenced at https://deltastate.policystat.com/policy/14769458/latest

UNIVERSITY POLICY ETHICS POINT HOTLINE

The Ethics Point Hotline may be access from a link at the bottom of the DSU website. The link is titled "Ethics Line". The Ethics Point link provides a discreet and confidential means to report activities that may involve criminal, unethical or otherwise inappropriate violations of DSU policies.

Note: Ethics Points can be referenced at

https://secure.ethicspoint.com/domain/media/en/gui/31497/index.html